



**Department of Justice
U.S. Attorney's Office
Southern District of Texas**

Donald J. DeGabrielle, Jr. • United States Attorney

FOR IMMEDIATE RELEASE
TUESDAY, MAY 23, 2006
WWW.USDOJ.GOV/USAO/TXS

JOHN YEMBRICK
PUBLIC INFORMATION OFFICE
(713) 567-9388

**FOURTH DEFENDANT CHARGED IN FRAUDULENT SBA LOAN SCHEME PLEADS
GUILTY BEFORE JURY SELECTION**

HOUSTON, TX – Maged M. Abuzaid, 37, pleaded guilty to bank fraud arising from a scheme to obtain a \$1 million United States Small Business Administration guaranteed loan from a Houston area bank through false representations to fund the purchase of a convenience store in Silsbee, Texas. United States Attorney Don DeGabrielle announced the Abuzaid, who pleaded guilty, May 22, 2006, just before jury selection was scheduled to being, is the fourth of a total of five defendants charged for their involvement in this scheme to be convicted. Abuzaid's co-defendants, Mohammad Islam, 38, Habib Murshed, 37, and Zulfikar Datto, 53, all pleaded guilty to bank fraud or conspiracy to commit bank fraud earlier this month. A fifth and last defendant, Noman Tabani is believed to be in Pakistan. A warrant for his arrest remains outstanding.

During yesterday's re-arraignment hearing, the United States announced to the court it was prepared to present evidence which would prove that the bank fraud involving these defendants began in early 2000, when Datto negotiated an earnest money contract to purchase the convenience store in Silsbee, Texas, for \$788,617. The defendants caused Banco Popular North America, a federally insured financial institution, to approve a loan to Hardin Foodmart Inc., a Texas corporation formed by Islam to purchase the convenience store, based on various fraudulent representations submitted to the bank, including that the convenience store was being purchased for \$1,320,000. The defendants caused the seller of the convenience store to sign an inflated earnest money contract for the property in the amount of \$1,320,000, which was provided to Banco Popular prior to the bank funding the loan. The defendants also caused an invoice from Ziedler Equipment Company in the amount of \$176,503, allegedly representing the sale of equipment to the Silsbee convenience store, to be submitted to Chicago Title Insurance Company to be paid out of the bank's funds at closing.

In disbursing the loan proceeds from Banco Popular, Chicago Title Insurance Company issued a check in the amount of \$176,503 to Ziedler Equipment Company, which Abuzaid deposited in the bank account for Ziedler Finance Equipment Company, a business assumed name used by Abuzaid. Abuzaid then purchased official checks from Washington Mutual Bank, including one made payable to Suncoast Construction Company in the amount of \$31,000, which was deposited into the bank account of Noman Tabani DBA Suncoast Construction Company. Another of these checks in the amount of \$21,500 was made payable to First American Business Group, LLC and was deposited into the bank account of First American

Business Group. No equipment was ever sold or delivered to the Silsbee convenience store.

Datoo received a cashier's check in the amount of \$115,980 from the seller after the closing, allegedly as a finder's fee. This occurred after he had signed a Finder's Agreement for the Sale of Business with the seller. Datoo deposited this cashier's check into his bank account and then purchased a cashier's check in the amount of \$70,000 made payable to Araphat Corporation, which was deposited into Araphat's bank account. Datoo also issued a check in the amount of \$22,900 payable to Murshed, who negotiated that check and used it to purchase a cashier's check in the same amount payable to Araphat Corporation. Murshed deposited that cashier's check into the bank account of Araphat Corporation.

Sentencing for Islam is set for July 28, 2006, with Datoo, Murshed and Abuzaid set for August 18, 2006. The conspiracy to commit bank fraud count carries a maximum sentence of five years of imprisonment and a fine of \$250,000. The bank fraud count carries a maximum sentence of thirty years of imprisonment and a fine of \$1 million.

This case was investigated by the United States Small Business Administration Office of Inspector General, and prosecuted by Assistant United States Attorney John Braddock.

#